

HEARING ON SINKING FUND USE

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Presented by:

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The Big Bay de Noc School District is the result of a consolidation in August 1966 of four township schools: Fairbanks, Garden, Nahma and Inwood. The school itself has become the hub of our rural communities and draws people to our school functions.

Our district covers 500 square miles and extends from the southern tip of the Garden Peninsula to the north end near Wetmore which is 38 miles. This makes our district approximately 2/5 the size of Rhode Island. The bulk of our school district is federal and state forest lands. The only industries we have are wood harvesting, farming and small family owned business which cater mostly to the summer tourists.

Like most school districts, we have experienced steadily declining enrollment. At the height of our enrollment in the late 70's we had approximately 650 students. Our current student count is 289.

Our transportation costs continue to increase through the rising costs of fuel, buses and bus maintenance, insurance, wages and

benefits. Even though our district is sparsely populated, we are still obligated to transport students from the farthest reaches of the district requiring our buses to drive a total of 565 miles per day. This includes the daily vocational ed bus run from our district to the Manistique School District. One of our buses which travels to the north end of our district covers 160 miles daily and picks up only 12 students. Most of this run is on unimproved, gravel roads.

Because we are a rural school with small enrollment, transportation costs are 9.92% of our annual \$2.6 million dollar budget. The transportation costs are inordinately high due to the vast area served, yet there are no current funding mechanisms to assist rural districts with high transportation costs. This would include most of the districts in the Upper Peninsula and northern lower Michigan. With the escalating costs, it is nearly impossible to purchase buses as the general fund budget is unable to support the need.

Travel to our sporting events is yet another area which is costly to our district. This year we will have spent nearly \$21,000 to transport students to basketball, soccer, volleyball, golf and track events. Because school districts in the U.P. and northern Michigan are so large we must travel long distances for regular season

games. Example: our basketball team plays Pickford each year which is 135 miles one way.

The new mandates continue to erode our budget. The latest is equipping our fleet of diesels for the new federal emissions standard for ultra low sulfur diesel.

Big Bay de Noc has continued to purchase/lease 84 passenger buses as this provides flexibility and has afforded us the opportunity to operate with fewer employees. Being a rural school district, all students have the option to ride the buses. Some of the older students do drive vehicles as they participate in extra curricular activities.

In an attempt to balance our budget we have reduced staff:

- Next year we will be sharing a superintendent through contracted services with another district.
- Our finance director is a part-time contracted service worker
- We have combined the two positions of transportation director and maintenance director into one
- We have one K-12 principal on staff
- We have reduced the teaching staff for next year by 2.2 teachers

- We have reduced office staff by one month per year
- We are considering ways to combine our already long bus runs.
- In the past three years our reductions have included
 - 1 aide
 - 1.5 custodians
 - 1 cook
 - 1 driver
 - 1 teacher
 - 1 administrator

As one can witness, we have worked diligently to meet all requirements with the limited revenue available.

As technology becomes an increasingly large part of the educational landscape, we are challenged to meet the needs and updates to stay competitive. Simply said, the general fund cannot support our continued needs. The estimated budget for technology is \$65,600. This is the equivalent to one full-time teacher to our district. When one is challenged with AYP, highly qualified and other mandates, the cost of technology updates are often secondary to the needs of students.

I am cautiously optimistic that there could be a change in the sinking fund legislation. Our district and many more throughout

the state would be the benefactors of a positive vote. This would enhance districts' ability to purchase needed equipment such as buses and technology while continuing to offer a solid curriculum to our students.

The proposed legislation is fiscally sound as districts with sinking funds would be enabled to purchase needed equipment. On the other hand, those districts having to borrow would have the debt as well as interest. The same scenario applies to bond issues plus the various related fees (attorney fees, municipal finance, etc.).

Big Bay de Noc School District along with many others urge each of you to weigh the advantages of a sinking fund vs bonding and interest payments. Our constituents have been very supportive of the sinking fund as it is used for infrastructure needs and not wages or benefits and directly benefits students while protecting their investment.

On behalf of the Big Bay de Noc School District, I thank each of you for the opportunity to share this information.

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Attachment – Map of Big Bay de Noc School District

Big Bay De Noc School District



Map of Michigan showing the location of the Big Bay De Noc School District in the lower peninsula.

LEGEND

- SCHOOL
- SCHOOL DISTRICT BOUNDARY
- ISD BOUNDARY
- HIGHWAY
- PRIMARY ROAD
- LOCAL ROAD
- RAILROAD
- CITY/VILLAGE
- TOWNSHIP BOUNDARY
- COUNTY BOUNDARY
- WATER FEATURE
- HYDROGRAPHY

